

**Board of Agriculture Meeting
February 24, 2006
Reno, Nevada**

Board Members Present:

Benny Romero
Deloyd Satterthwaite
Harvey Barnes
George Botta
Jim Johnson
Lawrence Waugh
David Cassinelli
Marta Agee
Dan Hetrick
Alan Perazzo

Board Members Absent:

Susan Ray

Chairman Benny Romero called the meeting to order at 8:40 am.

1. BOARD BUSINESS

A. Approval of minutes

Dave Cassinelli made a motion to accept the minutes as written. Harvey Barnes seconded the motion. Motion carried.

B. Goals and Objectives

Director Henderson said under Tab 1B in the packet are the Board's Short-Term Objectives that were updated at the December Board meeting and directly behind the Short-Term Objectives are the Long-term Goals dated March, 2003.

C. Election of Officers

Chairman Romero opened the floor for nominations for vice-chairman. Jim Johnson nominated George Botta. George Botta nominated Deloyd Satterthwaite.

Harvey Barnes moved that nominations be closed. Motion carried.

Chairman Romero opened the floor for nominations for chairman. Dave Cassinelli nominated Benny Romero for chairman.

Harvey Barnes moved that nominations cease. Motion carried.

Vice-chairman candidates George Botta and Deloyd Satterthwaite stepped out of the room while the vote was taken. Deloyd Satterthwaite received the majority vote.

Chairman Romero advised Deloyd Satterthwaite that he had been re-elected as vice-chairman. Chairman Romero expressed his thanks to the Board for their trust in him as the Chairman and for their vote to return him as the Chairman of the Board. He complimented the Board for their attendance and thanked them for being a great group to work with.

D. Special Reports

1. Overview and presentation by the U. S. Forest Service on the Humboldt-Toiyabe National Forest.

Robert L. Vaught, Forest Supervisor, Humboldt-Toiyabe National Forest began his presentation to the Board. Gary Schiff, District Ranger, representing Steve Robinson from the Governor's office, accompanied Mr. Vaught during the presentation.

Mr. Vaught said he had been in Nevada working for the Forest Service since 1984 in Elko County on a Mountain City Ranger District. He also worked as a district ranger in central Nevada and Austin, and for the last six years he has been Forest Supervisor for the Humboldt-Toiyabe National Forest.

He went on to comment how significant the Humboldt-Toiyabe National Forest is. It is 6.3 million acres and the largest national forest in the lower 48 states. He said there are 10 ranger districts throughout the state and he expressed his pleasure of having worked here for a number of years. He said he has great personal respect for those that use the national forest and especially those who are the stewards of the national forest as a part of the grazing community and the livelihood that it supports and the economic values and benefits that are a part of national forest management.

Mr. Vaught said he had a number of topics to present and his objective was to explain how they all interact together. His first topic of discussion was the Forest Plan. Forest planning is required by the National Forest Management Act, a congressional bill that was signed by the President and became law many years ago. The first round of forest planning was done in 1986 – 1989 timeframe and now the Forest Service is in the second round of forest planning. The first time the Forest Service did forest planning, the plan was filled with standards, guides and requirements. It was a very agonizing effort and there were many lawsuits and appeals. This round of forest planning is significantly different than the last. It is designed as a strategic document; it is not designed as a decision-making document. The Forest Service is currently in the development phases of forest planning and it will continue to go on for the next couple of years. There will be significant amounts of public involvement that you either have seen or will see and have an opportunity to be a part. The goal for this round of forest planning is to develop a strategic plan with goals and objectives, not standards and requirements.

Roadless management is a piece under the umbrella of the forest plan. Roadless management issues have been going on for many years. Through the years and different

administrations, the issue has become very complicated and confusing. The Forest Service has finally put in place a process that they believe will resolve the issues. He said we are going to first consider all the roadless areas that are out there. We will start with approximately 3.2 million acres in the Humboldt-Toiyabe National Forest which is approximately one-half of the forest. In most cases, these acres are mountainsides and are not problematic in terms of their roadless designation. It hasn't been a huge political issue. Many people confuse roadless with being able to drive in roadless. Roadless area means you can't build new roads; it does not mean you can't drive in there if there is a road within a roadless area. BLM has different regulations for their areas that are known as wilderness study areas.

Mr. Vaught said the Forest Service will make an evaluation on these 3.2 million acres and make recommendations in three different categories; what should be recommended for wilderness; what should be recommended for continuous roadless categorization; and what should be released from roadless management designation. As this progresses, you will hear more about it.

Wilderness is challenging, political, and people have widely varying viewpoints. Under the national requirements for forest planning, we are required to put forth recommendations for wilderness as part of the forest plan. The process the Forest Service is going to use is to take all the roadless areas, look at the total 3.2 million acres, and identify through a process of looking at each at the values they have and putting a list together to determine which portion of the 3.2 million acres are most worthy for wilderness consideration. Mr. Vaught said they are further along in this process right now than the roadless process. This will be a very public process whereby we will make announcements and have maps available showing which areas have the value to be designated wilderness. Only Congress with the President's signature can designate wilderness.

The county land's bills also connect to wilderness and are frequently discussed. Senator Reid has been interested in a community-based lands bill process. He is visiting different counties in Nevada that are interested in doing this. The process began in Clark County and a result of that was the Southern Nevada Public Lands Management Act; having water come to Las Vegas from Lincoln County and White Pine County and with all the associated issues. That was the first of Senator Reid's and Ensign's bills. The second bill was Lincoln County and that has been passed by Congress and the third one being worked on right now is White Pine County. White Pine County is more of interest to us right now because there is the Ely Ranger District in White Pine County which involves about 1.4 million acres. Mr. Vaught said Senator Reid plans to introduce that bill in a relatively short time, this year, to this Congress. These bills include wilderness designations and Mr. Vaught said it was pretty clear that Senator Reid wants to look at wilderness designation in these lands bills. He said Senator Reid also wants to look at land sales where it makes sense; with the proceeds of those land sales going to the county.

Mr. Vaught talked about seeps and springs and the Recission Act. He said this started in

2002 when Western Watersheds (an environmental group based in southern Idaho) had been challenging the Forest Service in every capacity and you as permittees. In 2002, they filed a lawsuit that said two things: 1) that the Forest Service was not managing seeps and springs as riparian areas under the Forest Planning regulations; and 2) the second issue in the lawsuit was that the Forest Service was not doing Recission Act National Environmental Protection Act (NEPA) planning for grazing allotments effectively. We were in settlement negotiations with them for several months on those two issues. We reached a settlement agreement with Western Watersheds that stated: (1) that Forest Service would designate appropriate seeps and springs as riparian areas to be managed under Forest Plan standards. Secondly, it put an agreed-to schedule in place for us to do Recission Act planning. All of these plans have to be done by 2010. Every allotment on the Humboldt-Toiyabe National Forest has to go through this planning effort. It requires the Forest Service to do an Environmental Assessment (EA) or an Environmental Impact Statement (EIS) on every grazing allotment on the Humboldt Toiyabe National Forest.

A bill, called the Recission Bill, was passed by Congress in 1994-1995 and this was a rider in that bill which is why the term recission is used and really doesn't have anything to do with this part of the bill. The Recission Act stated that Forest Service allotments nationwide had to have NEPA planning done on them by 2010. This was passed by Congress and signed the by President. We have known we needed to do this since the mid-nineties. The Forest Service didn't do it and didn't want to do it; it was a lot of work and we didn't have the manpower to devote to the project. We are now under Federal mandate to do this because of the lawsuit by Western Watersheds. Because of the size of the Humboldt-Toiyabe National Forest, there will probably be 10 -11 documents (about one per district) and the first of the documents will be on the Santa Rosa District, north of Winnemucca. It is called the Martin Basin EIS.

The seeps and springs process is nearly completed. This applied only to the Humboldt National Forest on the eastern¹ side of the State, not the Toiyabe National Forest. We looked at our maps and found all the seeps and springs that are generally connected to streams and put appropriate Forest Service standards on those. We then went to the permittees and put those standards in their allotment management plans standards.

Mr. Vaught said Martin Basin was the first NEPA document mandated by law. There will be ten others to follow. We are currently working on the draft NEPA document for the Jarbidge Ranger District and the Mountain City Ranger District. Then the Forest Service will be going to Bridgeport and then Ely and the rest will follow in the next few years. This EIS has been through lots of discussion. The EIS draft was put out about a year ago and the permittees came to the Forest Service and requested an additional alternative be added that would more represent their interests. The alternative was put into the EIS and then put out to the public comment. Mr. Vaught said he will be making a decision on that document in the next few weeks.

¹ Correction from original minutes - changed western to eastern

Forest Travel Planning Requirements – Mr. Vaught said he wanted to emphasize that this is a nationally mandated requirement. He explained this rule requires every national forest to develop a travel plan for all roads that are legally drivable and to close all roads that are determined should not be driven on legally and to close to off-road use to all other portions of the national forest. What this means is that up until now Humboldt-Toiybe National Forest in many places, especially in central, eastern and northeastern Nevada, off-road areas have been opened legally to off-road travel. This decision will designate all the roads that are legal to be driven and will make it illegal to drive off those roads. Permittees are aware of this and know about the devastation that occurs when 100 ATV's show up and tear up their riparian areas and meadows. That is happening more frequently. It was felt at a national level, that ATV's are proliferating at a remarkable rate, and something needed to be done. This is being done on a district by district level. Permittees will be allowed to drive off-road when necessary by going to the District Ranger and have that included in their permit.

2. Program update and briefings on upcoming agricultural promotional events, including SB1 funding grants to farmer's markets and the upcoming conference entitled: "*Nevada Grown Connection – From Farm to Market*" provided by Karen Grillo, Director of Agriculture Promotion and Marketing, Nevada Association of Counties.

Karen said she wanted to bring the Board's attention to two items today, including the Nevada Farmer's Market Development and Promotion Program. During the 2005 legislative session, \$50,000 was appropriated to the Nevada Department of Agriculture to develop and provide technical assistance to farmer's markets. The funding was awarded as follows: \$20,000 to the Nevada Certified Farmer's Market Association for conferences, workshops and research, development and maintenance of market's banners and signs, development of local promotions, entrance fees for events and administration. The Department awarded \$12,000 to the *Nevada Grown Program* for website development, program development and newsletter, the *Chef Connection*, local food network, farmer mini-grants for development of new grower's markets and promotional material development. The Department gave \$10,000 to the State of Nevada Food Distribution Program to enhance the Nevada Senior Farmer's Market Nutrition Program. The project will include participant travel to and from farmer's markets, printing and postage for program information, nutritional education for program participants and co-operative group food marketing.

The funds are in the process of being distributed to these groups. Each is required to make a preliminary report on activities and expenditures by September 15, 2006 and a final report is due May 19, 2007. The Department was allowed to keep \$8,000 for administrative purposes.

As a second point, Karen told the Board she is hosting an agriculture conference on March 7 & 8, 2006 at the Sands Regency in Reno. On March 9, 2006, there will be an on-farm tour and workshop at Smith and Smith Farms in Dayton, Nevada. Karen said she has had a lot of help with planning this event including the Nevada Farm Bureau, the Nevada Department of Agriculture, the Nevada Association of Counties, and the

University of Nevada.

2. DIRECTOR'S REPORT

A. Summary and overview of Department activities.

The Director recognized that Board member Jim Johnson was attending the meeting today. Jim has indicated that he would like to remain on the Board. The Director advised that the appointments of Board members Agee, Hetrick and Johnson will expire on June 30, 2006 and with their concurrence, all 3 will be recommended for reappointment.

The Director said that starting with today's meeting, he wanted to recognize staff members, a few each time, in subsequent Board meetings.

The Director commended Rick Gimlin, Deputy Director, for his hard work and dedication to the Department. Director Henderson said Rick is moving the Department forward as a more effective agency one step at a time. The Director and Deputy Director work closely together and share the same goals and direction they want the Department to follow. Sandie Foley, Administrative Assistant, was also commended by the Director. He said she has been with the Department almost a year and described her as an efficient and effective professional. Administrative Services Officer Doug Perry was commended for the positive changes taking place in the Accounting Department. Doug understands the problems the Department has and is working to resolve them. The Director commended Plant Industry's John O'Brien, Ed Foster and Tisa Whitcomb. Communication within this division has vastly improved and has led to a more optimistic and productive workplace. The Director commended Steve Grabski and David Walsh, Weights and Measures Division. The Director said the division has made many advancements the last couple of years including the construction of a new testing facility in Sparks, replacement of old equipment, and the recapture of previously diverted petroleum fees. Steve Grabski is also the lead on two capital improvement projects that will be discussed later in the meeting. The Director commended Vernon Miller, chief chemist in the Weights and Measures Division for his contributions. He said Vernon has become a leader in the field of fuel quality in the State. The Director commended Jim Connelley, Administrator of the Division of Animal Identification, who has kept his fee based program in the black through his hard work and dedication. Jim has worked to reduce the expenses of this program and succeeded in procuring grants to upgrade his equipment, and improve the confidence of the industry for this program.

When Dr. Thain left the Department to take a position with the University of Nevada, one of the most important legacies that Dr. Thain left behind, was the highly trained and professional staff in the Animal Industry Division. The Director said one of his highest priorities during this transition period for him, pending the arrival of a new state veterinarian, is to retain this valuable resource that Dr. Thain developed, hire a state veterinarian, and move ahead in the direction that Dr. Thain started.

The Director directed the Board to Tab 2A in the Board packet; a letter to Jeanne Greene, Director, Department of Personnel, written by the Director and dated January 25, 2006, relating to the Division of Animal Industry.

The Director said that unclassified employees salaries are set by legislature. He explained there was an effort by Governor Guinn during the last legislative session to build standardization across departments for unclassified employees. One of the policy positions was to take all employees that fall into the medical salary schedule and make them unclassified employees. It did not impact the state veterinary position, but it did impact our staff veterinarians. Previously, staff veterinarians were classified employees; however, after the bill passed they became unclassified employees at the same salary levels. However, existing positions were grandfathered in and staff veterinarians had the option to retain classified status. If they move out of their position and move to another position, they will lose the classified status. The Department became aware of this situation very late in the legislative session and tried to stop the process, however, it was late into the session and the Department was unsuccessful.

The Director made a commitment to Dr. Thain that he would revisit this issue during the interim. The Director directed the Board's attention to the letter the Department of Personnel, January 25, 2006 and advised that he has received a response; the Governor does not want to make any exceptions and feels anyone receiving medical pay should be in an unclassified status.

The changes were made without consideration of existing salary levels for veterinarian staff, so the offer was made for the Department of Personnel to do a salary review to see if our veterinarians are being paid on a comparable basis.

The Director brought the Board's attention to a letter that was written to Dr. Thain upon his departure from the Department. The letter was placed on a plaque and presented to Dr. Thain.

Director Henderson advised the Board that interviews for state veterinarian are scheduled for March 8, 2006. Board member Barnes, Vice-Chairman Satterthwaite, and Chairman Romero are among the panel members invited to conduct the interviews and make recommendations. The panel is comprised of practicing veterinarians from northern and southern Nevada and other industry related agencies. Member Agee expressed her surprise that only two candidates were interviewing and asked the Director if it was salary related. Director Henderson responded that it was salary as well as Reno's cost of living and housing prices.

The Director directed the Board's attention to the letter from the Nevada Friends, College of Agriculture, Biotechnology and Natural Resources requesting nominations for Nevada's Outstanding Agriculturalist for 2006 and the Lifetime Achievement Award. The Director expressed his desire that the Department play an active role in this selection and said he was open to any suggestions as to who may be qualified to receive this award.

Dave Cassinelli nominated Doug Busselman. Lawrence Waugh suggested Chairman Benny Romero.

Director Henderson said he and Gary McCuin recently attended an eastern Nevada Elk Management meeting. Board members were given a handout by the Director that was a summary from the meeting of items discussed. This request originated from the Governor's office because they received information regarding elk management and conflicts with livestock raising in eastern Nevada.

The industry felt that the attitude of some Nevada Department of Wildlife (NDOW)'s field biologists, (making derogatory remarks about Agriculture and that information was getting through to sportsmen), was creating a contentious situation. The Director said the Nevada Rangeland Resources Commission approached NDOW a couple of years ago offering some kind of joint public relations effort. That did not come to fruition, but not due to the lack of interest on the Nevada Rangeland Resource Commission's part. However, this came up again as a possible solution. There were three Wildlife Commissioners at the meeting who expressed interest in the Wildlife Commission adopting the 2003 Legislative resolution which was passed recognizing the importance of Agriculture and Wildlife.

Director Henderson said it is evident that the regional elk plans that NDOW has developed over time are now being updated and reviewed. The problem is the process that has been set up; adaptive management is not being completely implemented. From a public land grazing issue, the problem that is developing that prevents this adaptive management from working, is the collection of grazing management monitoring by the federal land management agencies. Director Terry Crawforth from NDOW said he recognized this deficiency and made a commitment toward its resolution.

Director Crawforth (NDOW) told Director Henderson that often it is the Wildlife Commission who adopts the tag quota for elk and that sportsmen have an influence on the Commission that often goes against his own staff recommendations. Don Henderson said industry and agricultural representatives need to get more involved with the Wildlife Commission in this decision-making process.

Director Henderson distributed a Las Vegas newspaper clipping to Board members; the issue was gifts given to elected and appointed officials. The Director said he highlighted an area in the article that made reference to the National Rodeo Finals (NFR). He advised the Board that he and Gina Session, Senior Deputy Attorney General, have been discussing this issue and they are in agreement that the Director should contact the State Ethics Commission and get an opinion from them whether we can accept seats at certain events such as the NFR. The Director told the Board that what sets the Board apart from other state or elected officials is the Board's role in the Department and that they are dictated by statute to hire the Director and to adopt regulations for the Department. Enforcement activities are handled by the Department, not by the Board. The regulations that the Board makes are regulations that affect the industry sector, not just one individual. In his mind, the contention of accepting donations or gifts that might

influence your decision on issues does not hold in this case. The Director said that is what he will present to the Ethics Commission.

B. Update on Department's Capital Improvement Project for the construction of a new State Headquarters building.

The Director told the Board that during the last legislative session, the Department received 1.3 million dollars to go to final design and construction plans for a new State office located next door to the existing Measurement Standards building in Sparks. He said the design is moving ahead very quickly. The Director advised the Board that the Department will go for the funding of this project, 13.2 million dollars. The Director plans to host a BBQ this summer inviting Board members, staff, members of the current administration, and legislature to join us and introduce them to what the Department is doing. The Director stated that he thinks the chances for this project to come to fruition are very good. The Director continued with his presentation of the plans explaining the exterior plan as well as the interior floor plan to Board members. He said that initially we will have extra space and the Department is going to offer to rent office space to the Nevada Dairy Commission and the Nevada Agricultural Statistics Service.

The Director distributed a list of preliminary priorities for budget enhancements for the 2007-2009 biennium State budget for the Department. He advised Board members that the Department has already begun the process of putting together the Department's budget for submittal to the Governor's office which is due September 1st. He said non-budgetary bill draft requests have to be submitted by May 4th.

State agencies have been asked for the last eight years to submit a flat budget. In addition to that process, agencies submit a list of enhancements to be considered if there is any additional money available. The Department was successful during the last session and received some enhancements, but they were one-shots or one-time funding. The Department was able to buy equipment, but not fund continuing positions. The Director said this next budget year he hopes to get new positions in the Department. As Director, it is his responsibility to rank in order of importance, the priorities of the Department and that is what the handout reflects. This is a preliminary review of his priorities for the Department.

The Director said his top priority is securing construction funds for the new Department headquarters complex in Sparks. These funds come from the capital improvement bill and are separate from the Governor's Executive Budget.

The Director's first priority is to secure additional monies to pay for the maintenance and upkeep of the new building and grounds after the building is completed.

The second priority is a new position; a Department information technician. The Department presently has 100 employees spread across the state and five regional offices. We have to rely on either the employee learning support functions on their own or the Department of Information Technology (DoIT) for IT assistance. The Department needs

this as a full time position. This person also needs to be able to maintain the agency website.

The third priority – the Agricultural Enforcement Unit was started by the previous Director with very little funding. We have secured 4 ½ full-time equivalents (FTE's). Operational funds for the Agricultural Enforcement Unit has been beg, borrow and steal from other divisions. The unit has about a \$20,000 operational fund and it is simply not enough to run a meaningful program. The Director said he felt the Department was at the point of we either have a viable program or we need to give it up. He requested Jim Connelley to research what the minimum costs would be for a viable program and is waiting for that information.

The fourth priority is the Virginia Range Estray Horse program. We have an annual budget of approximately \$80,000 for this program. We have a full-time field manager, Mike Holmes, whose salary accounts for about two-thirds of the annual program budget. As such, we have very limited operational funds for the program. Over the past 7-8 years that the program has been in place, we have captured and adopted out about 600 hundred horses. Our program does compete with BLM's wild horse program and since the BLM program has gone away from the \$125.00 a head and are moving horses basically for free, they are impacting our program. To keep up, the Department gives horses away at a nominal price and often pays for the transport of these horses. We don't have enough funds to keep that going. We don't need additional staffing, but we do need increased operational funding to gather the horses and transport them to good homes.

The fifth priority – Sandie Foley administers the health certificate program and maintains the health certificate files. Her salary is paid by Administration. The Director said he approached the previous state veterinarian to find a way to remove that duty from Sandie so she can concentrate on her administrative duties. He had given this next biennium as the deadline and to date has not seen a valid proposal. He said he will bring this issue up with the new state veterinarian when he comes on board. The Director said this will probably be an enhancement request in the budget.

The sixth priority is to hire an additional resource position to assist Gary McCuin. The Director said he wanted to approach the federal agencies and see if they would cost-share in that position. We are seeing a lot of interest in using livestock for fuel reduction. The federal agencies either don't have the time, or the expertise to put those programs together. Gary McCuin spent a lot of time last spring and is spending time right now, putting this together, working with the federal agencies just to make these programs happen. The Director said he thought there should be some federal monies involved to hire a Department employee to do that.

The seventh priority - the Director said for a number of years, the Department has been trying to secure funding to develop and constantly update a statewide noxious weed map. The United States Department of Agriculture (USDA), Natural Resource Conservation Service, provided us some assistance in this area for free that is no longer available. There is now a proposal underway for locating such a position within the Nevada Natural

Heritage Program and to fund this new position across several agencies. The Director said with the recent increase in pesticide registration fees, we might have additional money to put towards this position.

The eighth priority - the Department needs a Public Affairs position. That function is being partially handled by Ed Foster who also serves as the Northern Regional Manager, Plant Industry Division. The Director said Ed has a busy schedule and does not have the time to devote to this position to be proactive in public affairs and education.

The Director said that a new staff veterinarian was hired in Elko. He will provide assistance and expertise in the areas of wildlife and livestock interaction. Originally NDOW was to assist in the funding of that position, but later discovered they had budgetary problems and withdrew their proposed offer for operational assistance. The Director wants to approach NDOW on their previous commitment to help fund this position.

There has been discussion of holding the next Board meeting in Elko in conjunction with the Governor's farewell tour of rural Nevada. The Director contacted the Governor's office and was advised there might be a chance that the Governor could make the visit to the new Elko office building if the Board meeting is held after the 4th of July. The Director would like to invite the Governor to the dedication the new office building in Elko and a Department BBQ afterwards.

3. DIVISION OF ADMINISTRATION

A. Status of Legislative Counsel Bureau (LCB) Audit

Rick Gimlin told the Board that the LCB audit is not here yet, but is right around the corner. He said this is still a confidential document can be discussed only in general terms. The audit will be presented on February 28, 2006 by LCB to the Legislative Commission, Audit Subcommittee. After the audit has been presented, the Department has the opportunity to testify and answer questions. Then the Department has 60 days to implement an action plan to address the recommendations from the audit. Six months after the audit is presented, which is approximately August, 2006, the Division of Internal Audits which is part of the Executive Branch, will conduct a review of the Department's progress on the action plan. Some items could be taken care of within the first six months and some items could become budgetary matters that will require coordination with LCB and the Executive Branch. Rick advised the Board that the Department will be dealing with the results of the audit for approximately 18-24 months. After the six month review, Rick said he expects LCB to request an annual progress report. He said this audit gives the Department the opportunity to improve our business, make corrections, and move forward.

B. Overview of 2007-2009 Biennial Budget process.

Rick explained that the Governor's office has again requested a flat budget for the next

biennium. He said the Department can only request twice the amount of our general fund appropriation in FY07. We have three budget components; base expenses which are 80% of our total budget, maintenance which is costs to maintain the current program, and anything over that is called an enhancement. If the Department wants an expansion of a current program, request new staff, or replace equipment, then that would be an enhancement. Enhancements get the most attention by the legislators. Base budget expenses are typically worked out between LCB staff, the budget division and the Department. Base budgets are not generally discussed in hearings. There are three phases in the budget process. We are currently in what is called the agency request phase. Agencies put their budget together and finalize it. That phase ends when we submit our budget to the Governor's office on September 1, 2006. From that point, the budget will go into what is called the Governor's recommend phase and during that phase, the Budget division on behalf of the Governor reviews the budgets for compliance. The Department will present an overview to LCB staff and the Director of Administration, Andrew Clinger. The Governor is required to present the budget to the Legislature two weeks prior to start of session.

We then go into final phase which is legislative approval. The legislature looks at our modifications to the base and maintenance, discusses the enhancements, and capital improvement projects. At the end of session, modifications and legislation that has passed will be rolled up and budgets closed. Then we start the next biennium. Chairman Romero complimented Rick for a job well done.

4. DIVISION OF PLANT INDUSTRY

A. Request to conduct workshops and hearings to update quarantines in the NAC Chapter 554 including the proposed changes:

1. Eliminate the Dutch Elm Disease Necrosis Quarantine due to the presence of D. E. D. in Nevada and the availability of resistant elm species.
2. Update the Japanese beetle quarantine to add an infested state specifically New Mexico (Bernalillo County).

John O'Brien explained to the Board there are several Dutch Elm Disease resistant elm species are out now and are currently being sold in other states, but not in Nevada because of the quarantine. With the exception of the State of Oregon which has an intra-state quarantine, there are no other Dutch Elm Disease quarantines. The Department wants to go to workshop and hearings to see what industry's thoughts are.

John told the Board he is requesting to go workshop and hearings to add the State of New Mexico to the list of infected states for the Japanese beetle. John explained that New Mexico has a new infestation that is not being controlled.

Harvey Barnes made a motion to go to workshop and hearings on items 4 A.1 and A.2.

Deloyd Satterthwaite seconded the motion. Motion carried.

B. Request to go to workshop and hearings to add language to NAC 587.414 to be in compliance with the U. S. Seed Potato Certification Program.

John O'Brien explained his request will enable the Department to add language to NAC 587.414 to conform to national seed potato certification standards which is especially important for export. He said the national rules were developed primarily with Canada, but could apply to other nations as well. It is critical for potato seed producers and fresh markets, such as Winnemucca Farms, to facilitate trade.

Dan Hetrick made a motion to go to workshop and hearings on item 4.B.

Jim Johnson seconded the motion. Motion carried.

C. Request the Board of Agriculture to appoint a new member to fill a vacant position on the Organic Program Advisory Council.

John advised the Board that the Organic Program Advisory Council would like the approval of the Board to appoint Sharon Davidson, owner of Davidson's Inc., seller of organic tea, to the Organic Program Advisory Council.

D. Request to go to workshop and hearings to revise fees pertaining to the Organic Certification Program to cover program costs.

John directed the Board's attention to a graph in Tab 4C entitled "revenue versus expense projection". John explained that the red line on the graph indicates revenue (past and projected future revenue) and the yellow line indicates an expense projection (past and projected future expenses). The spikes in the yellow line indicate monies that will be spent on a required audit requirement by the USDA every five years because the Department is an organic certifier. The audit costs \$5,000. The blue line indicates projected income if the fee increase goes into effect. We are projecting an increase in revenue of approximately \$8,000 a year. John said some expenses the Department incurs for the program are not being charged to the program. The expenses for inspections are paid for by the general fund.

Dan Hetrick moved that Sharon Davidson be appointed to the Organic Program Advisory Council (Item 4C) and also moved that NAC 587.905, Section 3 c and d, Section 5, and NAC 587.906, Section 1a, fee revisions go to workshop and hearings as requested (Item 4D). (Revised agenda)

George Botta seconded the motion. Motion carried.

E. Request permission to conduct workshops and hearings to change pest control regulations in NAC Chapter 555.

John O'Brien advised Board members that he attended a meeting in Las Vegas last month to review changes to the pesticide control licensing regulations. One of the more significant proposed changes is to add an agent licensed category. An agent would be someone who goes out and solicits business for a company, but would not do any spraying or make recommendations. Exams for people who want to become agents would be video-based and the test given to these people would not be as stringent as the test given to someone who actually sprays pesticides. Currently there are pesticide companies that have these kinds of individuals working for them, but they need to be fully licensed as an operator even though they are not spraying pesticides.

John directed the Board to Page 57 of the Board Packet – NAC 555.340, Section 3. John said the Department has a procedure that has been in place for a long time that allows the Department to give an oral examination to an applicant immediately after the applicant's examination has been scored if the applicant has scored 64-69%. The passing score is 70%. If the applicant receives a 70% or more on the oral examination, it will increase the applicant's score on the written test to 70%, (minimum passing score). John said this has never made sense to him and further, creates a real imposition on the test administrator. If the test administrator is testing 6 applicants at one time, and one requests the oral examination option, then all six are eligible as well if they didn't pass the written test.

John said Nevada is one of the toughest licensing states in the nation if not the toughest. If we lower our 70% passing score to 65%, the pool of applicants "that almost passed" could be in the passing score range. John said they would do further analysis on this, but even if the score was lowered to 65% passing, Nevada would still be one of the toughest states in the nation for testing. Lee Lawrence said we are currently looking at a 75-80% failure rate in Nevada and felt that the test is too hard. Currently the Reno office is testing 6 candidates a day and testing will soon be two weeks out. Lee said he felt industry would endorse this and it is justified.

Another change regarding continuing education courses and credit. If someone takes a course in another state and the course is accepted for continuing education credit, Nevada will automatically accept that credit as well. This makes it easier for people to get continuing education. The individual would have to bring evidence of having taken the course and proof that it is accepted for credit in the state where the course was taken.

George Botta made a motion that we go to workshop and hearings to change pest control regulations in NAC Chapter 555.

Harvey Barnes seconded the motion. Motion carried.

George Botta said he personally wanted to thank staff for their work on the revisions. George was on the eight attendees at the all-day meeting that took place in Las Vegas and said staff was fantastic and well prepared. He commended Lee Lawrence, John O'Brien, Tom Smigel, Greg, Scott Cichowlaz, and Chuck Moses. George said they cleaned up

Chapter 555 so much at the meeting, they probably won't have to do it again for another couple of years.

F. EPA 2006 First Quarter Report

John directed the Board's attention to an item under Core Enforcement on the EPA report that was enforcement related and John felt was significant. An applicator in Las Vegas was not only using unlicensed personnel, but was using an outdoor-only termiticide treatment indoors on 200 apartments. The Department responded and prepared fact sheets that were sent to the apartment complex. It was not an acute health issue, however, an outdoor product was used incorrectly.

On the second page of the report John pointed out a roof-rat incident in one of the middle schools in Las Vegas. Our people got involved by looking at the location of the infestation and control. John advised that any monies received as a result of fines to a pest control company goes into an account that is used for integrated pest management in schools. John said some of the money from that account may be used to remediate some of the problem of the roof-rats.

G. Las Vegas office report

John O'Brien advised the Board that Dave Walsh is currently the Acting Manager in Tom Smigel's absence that is due to health issues.

5. DIVISION OF ANIMAL INDUSTRY

A. Animal disease update

1. National Animal Identification Program (NAIS)

Holly Pecetti distributed her status report on NAIS to Board members. Holly brought the Board's attention to a map in her handout that pinpoints premises that have been registered. Total to date is 905 registered premises. Holly said a lot of area in Mineral County, Esmeralda County, Lincoln County, and White Pine County is BLM land. Holly said she will register privately held land in that area and, as BLM and Forest Service plots come up, she will register those as well.

Holly give a short update on the Native American Tribes. USDA is allowing tribes to register their own premises or register through the State. The Walker River Tribe will do their own, Duck Valley is planning to have the Department register them, Pyramid Lake Tribe has not committed.

Holly traveled across Nevada during the period January 2 through the January 6 for the Cattlemen's Update doing outreach and was very well received. Holly presented the different aspects of the program to about 500 people. Holly said she received several applications and a lot of interest was shown.

The NAIS program is on the Department's website and the registration form can be completed on-line and sent to Holly electronically. Holly met with Monte Bruck of the Fallon Livestock Exchange and will be able to set up a table every Tuesday for NAIS registration and information. Holly projects at least 30,000 premises will be registered in the first phase.

2. Tuberculosis update

Dr. Keith Forbes, DVM, provided updates on behalf of Dr. Anette Rink, who was unable to attend the Board meeting. Dr. Rink was in San Francisco attending the 2006 National Conference on West Nile Virus in the United States.

Keith reported that effective January 24, 2006, the State of Minnesota lost their accredited-free status. This was based on finding 5 herds with tuberculosis. Deer was also discovered to have tuberculosis. Minnesota is now in a modified accredited advanced status. Most cases were found in northwestern Minnesota. Michigan and New Mexico have been designated as split-status. In Michigan, one part of the state is modified accredited advanced and another part of the state is modified accredited. Michigan also has a problem with TB in wildlife as well. In the eastern side of New Mexico, there is an area with tuberculosis. The area with the TB is a modified accredited advanced status, but the rest of the state is considered free.

3. Brucellosis update

As of January 19, 2006, the State of Idaho lost their brucellosis-free status. Dr. Forbes said it involves four counties in the southeast part of Idaho. In order for a state to keep their class free status, all cattle herds within the state must remain free of *Brucella abortus* for a period of 12 consecutive months. Idaho has done testing in the area around the infected herds and everything is coming up negative. It appears the brucellosis is confined to this one area.

4. West Nile Virus (WNV)

This past year the Animal Disease Lab (ADL) tested approximately 2955 mosquito pools. Of the 2955 tests, 151 were found to be positive. The pools were also tested for Western Equine Encephalitis (WEE) and St. Louis Encephalitis (SLE). All pools were found to be negative for WEE and two pools were found positive for SLE. The ADL tested 576 dead bird samples for WNV from every county except Lincoln, Esmeralda and Storey. All of samples were also tested for WEE and SLE. Out of 576 birds, 74 were positive for WNV. None were positive for WEE, 1 positive for SLE. This year ADL tested 126 domestic horses. A total of 44 domestic horses were found positive for WNV within the State. Of the 44 positive horses, 7 died or were euthanized.

6. Miscellaneous – Avian Influenza

As of February 20, 2006, The World Health Organization (WHO), reported 172 laboratory confirmed human cases of high-path avian influenza of which 92 deaths have occurred. The countries in which human deaths have occurred are: Indonesia, Viet Nam, Thailand, Cambodia, China, Turkey, and Iraq. There are no cases of high-path avian influenza in North America.

Dr. Rink recently attended a pandemic flu planning/preparation meeting in Henderson, Nevada. It was sponsored by the Department of Human Health Services (DHHS) and the Center for Disease Control (CDC).

Bovine Spongiform Encephalopathy (BSE)

On January 23, 2006, the Canadian Food Inspection Agency (CFIA) confirmed its fourth case of BSE in an approximately six year old cross-bred cow, born and raised in Alberta. Canada's surveillance program has tested more than 87,000 animals since the first BSE case in 2003. As of February 20, 2006, the United States Department of Agriculture (USDA) has tested 620,494 animals with no positives reported since June 24, 2005.

5. Proposed tritrichomonas fetus regulations

Dr. David Thain, University of Nevada Extension Veterinarian, gave his presentation on tritrichomonas (trich).

Dr. Thain referred to the December, 2005 Board meeting wherein Dr. Thain had advised Board members that a questionnaire was going out in the Cattlemen's Update to try and get a consensus from producer's on their thoughts about mandatory Trich testing. The Farm Bureau is a proponent of mandatory testing. The Farm Bureau, Nevada Department of Agriculture and the Nevada Cattlemen's are coming together as a working group to come up with a plan on which direction to go.

Dr. Thain reported on that questionnaire process. He said they took several approaches and took it out to the Cattlemen's Update meeting and handed it out there.

The questionnaire went out in mailers from both the Farm Bureau and the Cattlemen's Association as well as being posted electronically on the Cattlemen's Coffee Shop website. Dr. Thain said 206 surveys came back. He said 95% were beef operators and represent more than 150,000 heads of cattle. Seventy-two percent utilize public grazing, 34% utilized private grazing only, 36% have had Trich problems in the past, 69% test their bulls for Trich, 45% test annually, 44% test replacement bulls, 39% vaccinate cows and heifers for Trich, 81% would like some form of Trich regulation in Nevada, 78% want all imported bulls to be tested for Trich, 68% want mandatory testing of bulls prior to sale, 81% want mandatory testing of all bulls from a positive ranch, 68% want mandatory testing of all bulls adjacent to a positive ranch, 63% want mandatory testing of all bulls prior to turnout on public grazing allotments, 49% want mandatory annual testing of all beef bulls, 76% want mandatory slaughter of Trich positive bulls.

Dr. Thain he would give this information to J. J. Goicoechea, who is the head of the Health Advisory Committee for Nevada Cattlemen's. Dr. Goicoechea will put together a larger committee of Board members, Farm Bureau members, and cattlemen to come to a consensus of what kind of regulations would be acceptable and workable in Nevada. When those regulations are put together, they will be sent to the State Veterinarian for consideration for moving forward with regulations.

6. DIVISION OF RESOURCE PROTECTION

Mark Jensen did not have a presentation for today's meeting, but asked the Board members if they had questions or requests for future meetings. Harvey Barnes asked Mark if additional federal monies became available as Mark suggested in January, 2006. Mark replied that he did not have his budget yet and he wasn't sure. He said he should have his federal budget in the next week or two. Mark said he has heard that he will be getting some avian influenza money and will be a part of the surveillance effort with wild birds in coordination with Nevada Department of Wildlife (NDOW).

7. DIVISION OF MEASUREMENT STANDARDS

A. Quarterly activity report:

Steve Grabsky reported that the week of March 5 – March 11 is National Weights and Measures Week. The slogan this year is "ensuring a fair environment for equitable commerce". They are trying to promote both the consumer and retailer sides to be equitable in the marketplace.

Steve reported the division has gone over 33,000 devices. Steve said they have picked up over 2,000 devices in the last 12 months. Everything is still on schedule. Steve said he has 13 inspectors they have been doing a great job keeping up with the workload.

Steve said from the money the division received from the last legislative session, the division has taken delivery of 7 pick-up trucks and they will be in use by the start of next week.

Steve said they are also working on the measurement standards licensing payment program. We have gone through the bid process and the technology improvement request. We have a signed contract and the money should be approved for disbursement when the Interim Finance Committee meets in April. By mid-April, we should have the contractor on board and doing the work with completion in November. Steve said they should be able to use the new system by August 1.

Steve said the design development phase for the new headquarters building is just ending. Documents have been submitted. We are in a comment period right now. Steve has given information out to staff and administrators for comments. In another two weeks, design development will be finished and the construction documents will be started. At

the end of the construction documents phase, we will have the best pricing we can get for an estimate and that will be the number we go with to the Legislature.

Steve said he and Vernon Miller were in Las Vegas last week and hired a replacement for John Conley who has retired. Steve said the Department has an excellent candidate who has been working in the petroleum testing field for about 15 – 20 years in Louisiana. Steve said she is knowledgeable with the tests the division does. She is experienced and will be a great asset to the division.

Steve reported that the report from the Desert Research Institute (DRI) on the 38th parallel will be ready by the end of March.

Steve and Vernon Miller have agreed that the NAC's need to be updated to catch the revised ASTM standards to include the changes in fuel.

Capital Improvement - Elko office:

Jim Connelley prefaced his presentation of the Elko office building plans to the Board with the following:

Jim said the Department lobbied at the last legislative session for a new office building. The Public Works Board came up with a 4.3 million dollar replacement building in a location that was not conducive to walk-in clients and would be hard to find. Jim's office staff located a building that was formerly an electrical contractors building and built in 1997-1998, so the building is basically current. It satisfies all our space needs and is about 6500 square feet. We bought this building for \$625,000 and will probably put in a 1 million or more into it.

8. DIVISION OF LIVESTOCK IDENTIFICATION

A. Livestock Identification program update

Jim distributed a statistical activity report for the Elko office to Board members. Jim Connelley advised the Board that a full-time Agriculture Enforcement Officer had resigned to go to a better paying position in the Reno. The position opening has been posted to the Department of Personnel's website. Jim said he will keep the Board posted on when the position is filled.

B. Status of proposed changes to NAC 565, (LCB File No. R213-05), NAC 573, (LCB File No. R214-05), NAC 576, (LCB File NO. R215.05).

Jim said workshops and hearings have been held around the state with two more to go. He said as far as the inspection fee increase goes, there has been very little controversy and no opposition. The meetings have been well attended.

Jim said one of the items he has been tasked with for the new building in Elko is the furniture list – FF&E's (furniture, fixtures and equipment). Jim said he has been working

with Prison Industries in Carson City. If the construction manager approves, Prison Industries will more than likely produce the furniture for the office and lab.

Jim said an issue with bison came up recently. Someone called in to report that diseased bison carcasses from Yellowstone were being smuggled into Nevada. Jim sent personnel to the reservation to check on the situation and found out that the federal government has allowed for these bison to be moved from Yellowstone Park and out onto government lands to be butchered and make carcasses available to Indian tribes. The carcasses may or may not have been exposed to Brucellosis. Jim said they have decided not to inspect bison carcasses coming out of Yellowstone Park.

The Annual Western States Livestock Inspector's meeting will be held in Reno on March 14 – 16, 2006. Jim said there are 17 western states, 3 Canadian provinces and 2 Mexican states that belong to this association. Jim said they work together on issues that affect open range cattle operations.

The division has been brand inspecting a lot of wild horses in eastern Nevada. They have just finished a gather in Las Vegas of about 1000 head. At the gather in Las Vegas, there were 6 BLM horses that had been tattooed down the neck that were picked up and were turned back out. Jim said he thought we would see more and more of this. If you can't sell an old decrepit horse, what are you going to do with it? Jim said he thought we would see more and more instances of people loading an old horse into a trailer and turning him out. Jim said the horses are traced back to the people who were licensed originally for the horse.

C. Agroterrorism Preparedness Training

Jim said there will be agro-bio terrorism training in Reno, March 23 and in Elko, March 27th. It is being hosted by the Western Institute for Food Safety and Security. Jim said as soon as he gets information on the training, he will make it available to all Department of Agriculture staff.

Harvey Barnes moved that the next Board meeting is held in Elko during the month of June, the date to be set by the Director.

9. PUBLIC COMMENTS

None

10. TRAVEL CLAIMS AND SALARY

None

11. DATE OF NEXT MEETING

Director Henderson advised the Board that he spoke with the Governor's staff and was advised the Governor will not be traveling in June. There is the possibility of him traveling sometime after the 4th of July. Henderson said he would like to leave this Board meeting with possible dates for the July Board meeting with the intention of getting the Governor to join the Board and staff in Elko. The Director advised he will be out of office from June 14th thru the 27th on annual leave. The July meeting will be decided by the Director and the Chairman of the Board.

It was decided by the Board and Director Henderson to conduct a Board meeting via a teleconference call on Friday, May 26th, 2006 @ 9:00 am to discuss regulatory items only.

Marta Agee made a motion to adjourn. Deloyd Satterthwaite seconded the motion. Motion carried.

These proceedings were recorded. Anyone wishing to listen to them in their entirety should be contact the Department of Agriculture, 350 Capitol Hill Avenue, Reno, Nevada.

Don Henderson, Director

Staff in Attendance

Don Henderson
Sandie Foley
Gary McCuin
Jim Connelley
Gary Cross
John O'Brien
Steve Grabski
Mark Jensen
Holly Pecetti
Lee Lawrence
Keith Forbes
Rick Gimlin

Guests

Randy Sharp, US Forest Service
Michael Hampton, US Forest Service
Ed Mornick, US Forest Service
Gary Schiff, Governor's Office
Bob Vaught, US Forest Service
Dr. David Thain, UNR
Karen Grillo, NACO
Dr. Jack Armstrong
Doug Busselman, Nevada Farm Bureau